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Message Text

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PAGE 01 TOKYO 13308 240754Z
ACTION EA-12

INFO OCT-01 ISO-00 COME-00 STRE-00 SSO-00 /013 W
----------034979 240757Z /11-R
O 240743Z JUL 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC IMMEDIATE 9827

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EA FOR DAS HEGINBOTHAM FROM EMIN BUTTON

DEPT PASS COMMERCE BIEPR/GLICK AND STR BARREDA ELECTRONI-
CALLY

E.O. 11652: N/A
TAGS: ETRD, BEXP, JA
SUBJECT: SEMICONDUCTOR INDUSTRY ASSOCIATION

REF: (A) STATE 184468, (B) TOKYO 13025, (C) STATE 175363,
(D) TOKYO 12379, (E) TOKYO 12187

1. SUMMARY: NEWS OF VAN SAUN'S REMOVAL SIA POLICY DIRECTOR HAS CREATED CONSIDERABLE CONSTERNATION WITHIN JAPANESE GOVERNMENT AND INDUSTRY ABOUT THE PRESENT STATUS OF VAN SAUN'S REPRESENTATIONS, AND SIA'S MOTIVES. VAN SAUN TOLD JAPANESE ON JULY 19 THAT "PROTECTIONIST FACTION" HAD TAKEN OVER THE SIA. EMBASSY SUGGESTS SIA DEVELOP A WRITTEN STATEMENT OF PURPOSE, SCOPE OF WORK, AND METHOD OF PROCEEDING BEFORE ANY FURTHER REPRESENTATIONS TO JAPANESE GOVERNMENT OR INDUSTRY. END SUMMARY.

2. AS WE HAVE REPORTED, VAN SAUN VISIT TO TOKYO CREATED WIDESPREAD CONFUSION. HE DID SPEND CONSIDERABLE EFFORT AS SIA REP TRYING TO DEFUSE JAPANESE ANIMUS TOWARD U.S.
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INDUSTRY GENERATED BY NEWSPAPER AND MAGAZINE STORIES AND URGING COOPERATION IN TWO-WAY STUDY OF AT LEAST RECIPROCAL NATURE, IF NOT OF WORLD WIDE SCOPE. UNFORTUNATELY, HE PRESENTED HIS STUDY PROPOSAL AS HAVING LESS THAN UNANIMOUS SUPPORT OF SIA MEMBERS, SOME OF WHOM HE DESCRIBED AS ANTI-JAPANESE AND STRONGLY OPPOSED.
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3. OUR INCLINATION IS TO FEEL THAT A TEAM OF TWO OR THREE SIA REPS COULD INDUE COURSE VISIT JAPAN AND SHOULD SHOW THE JAPANESE THAT SIA SPEAKS WITH ONE VOICE AND HAS NOT FALLEN INTO THE HANDS OF AN ANTI-JAPANESE FACTION. WE WOULD HOPE THAT, IN ADDITION TO ASSESSING TRADE BARRIERS WHICH RESIDENT INDUSTRY REPS BELIEVE ARE SIGNIFICANT, THE SIA TEAM COULD PREPARE, FOR PRESENTATION TO TSG IF SIA DESIRES, AN OUTLINE OF A STUDY PROPOSAL AND OBJECTIVES, ALONG WITH AN EXPLANATION OF HOW IT RELATES TO A USITC STUDY IF ONE IS TO BE DONE. IF ITC DECIDES TO DO A BROAD WIDE STUDY, WE SHOULD ALSO LOOK CAREFULLY AT ITC'S SCOPE OF WORK AND METHODS OF PROCEEDING, AND THEN DETERMINE WHETHER AND HOW TSG STUDY WOULD BE USEFUL ADJUNCT.

4. JAPANESE SOURCES HAVE INFORMED EMBASSY THAT VAN SAUN TELEPHONED KEIDANREN AND ELECTRONIC INDUSTRY ASSOCIATION OF JAPAN (EIAJ) ON JULY 19 AND ACCORDING TO THEM HE ALLEGED THAT: 1) HE HAD BEEN FIRED BY THE PROTECTIONIST HAWKS IN SIA (NATIONAL SEMICONDUCTOR, AMD, INTEL, ROCKWELL) "IN LEAGUE WITH DAS HEGINBOTHAM;" 2) THE PROTECTIONIST HAWKS IN SIA WILL "UNLEASH" COMMERCIAL WAR ON JAPAN: AND 3) HIS SERVICES WOULD BE AVAILABLE TO THE EIAJ TO DEFEND THEM FROM AMERICAN PROTECTIONISM. IN CONSEQUENCE, JAPANESE GOVERNMENT AND INDUSTRY SOURCES ARE NOW UNDERSTANDABLY SUSPICIOUS OF VAN SAUN'S REPRESENTATIONS AND SIA'S MOTIVES.
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5. MITI, KEIDANREN, EIAJ, AND THE EMBASSY ARE ALL INTERESTED IN SIA'S "REAL INTENTIONS" IN PURSUING SEMICONDUCTOR STUDY. DOES SIA WANT TO PURSUE 1) U.S. INDUSTRY COMPLAINTS ABOUT ACCESS TO THE JAPANESE MARKET, 2) JAPANESE ACTIVITY IN THE U.S. MARKET, 3) PRELIMINARY RESEARCH FOR FUTURE PUNITIVE ITC INVESTIGATION, OR 4) OBJECTIVE GLOBAL SURVEY OF SOLID STATE MICROELECTRONICS POSSIBLY CARRIED OUT IN COORDINATION WITH ITC STUDY. EVENTS IN THE LAST WEEKS HAVE BEEN AT SOME COST TO SIA, AND THE EMBASSY WHICH FACILITATED THE VAN SAUN INTRODUCTIONS. HOWEVER, WE CAN REGAIN LOST GROUND IF WE DEVELOP AND MAINTAIN A COORDINATED APPROACH.

6. CONCLUSION: AT THIS TIME, ANY SIA MISSION WILL FACE CONSIDERABLE DIFFICULTY IN EXPLAINING 1) WHY VAN SAUN WAS FIRED; WAS IT PERSONALITY, POLICY DISAGREEMENTS, OR SIA FACTIONALISM? 2) WHAT ARE SIA'S REAL INTENTIONS FOR THE PROPOSED STUDY; BETTER MARKET ACCESS IN JAPAN, JAPANESE ACTIVITY IN THE U.S. MARKET, PRELIMINARY RESEARCH FOR PUNITIVE ITC STUDY, OR OBJECTIVE GLOBAL ITC SURVEY AS VAN SAUN PROPOSED: AND 3) WHY THE JAPANESE GOVERNMENT OR INDUSTRY

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SHOULD COOPERATE. OUR INCLINATION IS TO LET SOME OF THE DUST SETTLE BEFORE WE ENCOURAGE ANOTHER ONSLAUGHT ON THE JAPANESE. BEFORE THE NEXT ROUND, HOWEVER, SIA SHOULD DEVELOP A WRITTEN STATEMENT OF PURPOSE, SCOPE OF WORK, AND METHOD OF PROCEEDING PRIOR TO ANY FUTURE REPRESENTATION TO THE JAPANESE GOVERNMENT OR INDUSTRY. THEREAFTER, A NEW SIA MISSION TO TOKYO WILL BE APPROPRIATE AND EVEN NECESSARY. MANSFIELD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRY
Control Number: n/a
Copy: SINGLE
Draft Date: 24 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TOKYO13308
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780303-0012
Format: TEL
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780726/aaaaavoj.tel
Line Count: 125
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b8d4676d-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 184468, 78 TOKYO 13025, 78 STATE 175363, 78 TOKYO 12379, 78 TOKYO 12187
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1902877
Secure: OPEN
Status: NATIVE
Subject: SEMICONDUCTOR INDUSTRY ASSOCIATION
TAGS: ETRD, BEXP, JA
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/b8d4676d-c288-dd11-92da-001cc4696bcc
Review Markings:
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20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014